



City of Santa Barbara
Airport Department

Memorandum

DATE: June 8, 2011
TO: Airport Commission
FROM: Karen Ramsdell, Airport Director
SUBJECT: Fixed Base Operator Leases

RECOMMENDATION:

That Airport Commission recommend approval for the Airport Director to execute, subject to approval as to form by the City Attorney, a three-year lease extension with Signature Flight Support – CA, Inc. and Mercury Air Center – Santa Barbara, Inc., dba Atlantic Aviation, subject to the parties agreement as to terms; allowing the Lessees to continue to develop their businesses during the time period required for adoption of a new Master Plan, environmental review, and preparation of a Request for Proposals for Fixed Base Operators (FBOs), to include new development of General Aviation Facilities.

DISCUSSION:

Airport Master Plan, Aviation Facilities Plan

The Federal Aviation Administration requires that airports have a comprehensive study of the airport that describes the short-, medium-, and long-term development plans to meet future aviation demand. Airport master plans are prepared to support the modernization or expansion of existing airport facilities and include the Airport's strategy for funding and phasing that development.

The projects identified and planned in the Airport's 2002 Aviation Facilities Plan (master plan) will be completed when the Airline Terminal Improvement project is finished in the spring of 2012. In order to be eligible to receive FAA grant funds for development, the Airport recently began its next Master Plan effort by soliciting for a consultant to prepare the Master Plan and associated environmental studies. The Master Plan process will begin this summer, contingent on receiving FAA Airport Improvement Program grant funding in July or August.

While all aviation facilities will be evaluated, the major focus will be on General Aviation facility needs. The long-term goal has been to relocate all General Aviation services on the north side of the airfield, leaving the south side of the field for commercial aviation facilities.

Master Plan Timeline

It is estimated that the Master Plan development and environmental may take eighteen months to two years. During the Master Plan development we expect to identify the facility needs of the Airport's general aviation businesses and users, develop a site plan for use of available land in the Aviation Facilities Zone, and develop a financial plan and transition schedule. The new Master Plan will also consider other airport facility needs, one of which is a safety project to extend Taxiway H to the end of Runway 7. A detailed report on the Master Plan and the consultant selection will be presented to Commission in July.

Fixed Base Operator Leases

The leases for both of the Airport's fixed base operators, Signature Flight Support and Atlantic Aviation, expire in 2013. It is staff's intent to distribute a Request For Proposals for fixed base operator services upon the termination of the current leases based upon the facility needs and site plan developed in the Master Plan process. Once FBOs have been selected through the RFP process lease negotiations, design, permitting, and construction of improvements could take another 18 months to three years.

There may be some time efficiencies if we are able to begin the RFP solicitation before the environmental process for the Master Plan is finalized. However, the time savings is not expected to be significant. If the Airport plans to participate using FAA grant-eligible projects to facilitate the relocation of FBO buildings, environmental compliance on those projects must be completed before a grant application is submitted.

FBO Continued Business Development

The ability to maintain aviation business on the Airport is important to the economic vitality of the airport, the community, and the FBOs. Both FBO's are in lease negotiations with Ampersand for 40,000 square feet of hangar space. Ampersand Aviation LLC has a ground lease with the Airport which has one remaining five-year extension with the final termination date May 9, 2018.

Ampersand requires that the sublease be not less than five years. The FBO's cannot commit to that lease term due to the earlier 2013 expiration date of the respective FBO leases. The Airport supports the full utilization of all hangar facilities on the airport and concur that the use of the Ampersand hangar is consistent with the FBO agreements.

General Aviation Sub Committee

On Thursday, May 26, 2011, the Airport Commission, General Aviation Sub committee, met to discuss and consider the three year lease extension for Atlantic Aviation and Signature Flight Support. The Sub Committee unanimously recommended the extension.

Recommendation

In order to allow subleasing of the Ampersand hangar and to provide a smooth transition for the FBO's under the Master Plan, staff is recommending that the leases for both Signature Flight Support and Atlantic Aviation be extended for three years for a new termination date of May 2016. The extension will allow both companies to make modest improvements to their facilities and to maintain services until the Master Plan and the associated environmental are completed and FBOs are selected through a competitive process to construct new general aviation facilities on the north side of the airfield.